

PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: MV Holdings LLC
DOCKET NO.: 05-22462.001-I-1 and 05-22462.002-I-1
PARCEL NO.: See below.

The parties of record before the Property Tax Appeal Board are MV Holdings LLC the appellant, by attorney Patrick J. Cullerton of Thompson Coburn Fagel/Haber, Chicago, and the Cook County Board of Review.

Located in Wheeling Township, Cook County, the subject property consists of 103,797 square foot parcel improved with a 23-year old one-story masonry constructed industrial building containing 15,000 square feet of building area. Approximately 3,750 square feet, or 25%, of the subject building is dedicated to office space. The subject land is described as 77,848 square feet of usable land and 25,959 square feet of unusable land with a permanent easement for drainage and a retention pond. Based on usable land the subject has a land to building of 5.19:1.

The appellant, through counsel, presented evidence before the Property Tax Appeal Board arguing that the fair market value of the subject was not accurately reflected in its assessed value. In support of that argument, a self-contained complete appraisal was proffered. The report was authored by Sam Zagorac and Gary M. Skish of Peterson Appraisal Group, Ltd., Chicago. The appraisal revealed Zagorac and Skish are State of Illinois certified real estate appraisers.

After an examination of the subject site, building, neighborhood and environs, the report indicated the appraisers determined the subject's highest and best use as improved; its current use.

To estimate a fair market value for the subject of \$750,000 as of January 1, 2005, the appraisers employed the three classic approaches to value.

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Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the Cook County Board of Review is warranted. The correct assessed valuation of the property is:

<u>DOCKET NO.</u>	<u>PARCEL NO.</u>	<u>LAND</u>	<u>IMPR.</u>	<u>TOTAL</u>
05-22462.001-I-1	03-35-104-048-0000	\$59,062	\$64,936	\$123,998
05-22462.002-I-1	03-35-104-049-0000	\$81,065	\$64,937	\$146,002

Subject only to the State multiplier as applicable.

In the cost approach, the appraisers estimated a value for the subject site using the sales of four parcels located in the subject's general area. The comparables ranged in size from 4,500 to 27,448 square feet of land area and were sold from June 2002 to April 2004 for prices ranging from \$4.49 to \$5.09 per square foot of land area, unadjusted. After adjustments to the sales for property rights conveyed, financing terms, conditions of sale, market conditions, location and unique characteristics, the appraisers estimated a land value for the subject of \$5.00 per square foot of usable land area or \$390,000, rounded. Replacement cost of \$690,750 was estimated based on *Marshall and Swift Cost Estimate Program* data. Employing the age/life method to estimate depreciation of the building and site improvements, the appraisers utilized 50%, or \$370,375, as the subject's accrued depreciation from all causes. The estimated land value added to the estimated depreciated value of the subject improvements resulted in an estimated value for the subject of \$760,000, rounded, via the cost approach.

The next approach to value in the appraisal was the income approach to value. The appraisers surveyed four rental properties located in the subject's general area. The surveyed leased areas ranged from 13,231 to 18,751 square feet with net rents ranging from \$5.30 to \$6.50 per square foot of leased area. After an analysis of the comparables' location, size, age, and other relevant factors, the appraisers estimated \$6.00 per square foot of building area as a reasonable rent for the subject, or a potential gross income (PGI) of \$90,000. A deduction for vacancy and collection loss of 10% or \$9,000 was taken to conclude an effective gross income (EGI) of \$81,000. Allowable expenses of \$8,100 were deducted from the EGI to conclude an estimated net operating income (NOI) of \$72,900.

A capitalization rate of 10.0% for the subject was developed utilizing the band of investment and the market extraction techniques. This was applied to the subject's estimated NOI to indicate a value of \$730,000, rounded, through the income capitalization approach to value.

The appraisers selected the sales of five industrial buildings located in areas similar to the subject's general area. The parcels range from 20 to 25 years old; in land size from 36,423 to 99,751 square feet of land area; in improvement size from 12,000 to 24,148 square feet of building area; and in land to building ratios from 2.54:1 to 6.16:1. The comparables sold from March 2003 to April 2005 for prices ranging from \$37.86 to \$50.00 per square foot of building area including land, unadjusted. The appraisers analyzed the sales of the comparables and adjusted them for property rights conveyed, financing terms, conditions of sale, market conditions, location and other unique characteristics. This data suggests a per-square-foot value for

the subject of \$50.00, or an estimated value of \$750,000, rounded, for the subject through the sales comparison approach to value.

In the reconciliation, the appraisers placed the most emphasis on the sales comparison approach, with secondary emphasis on the income approach, and no weight was placed on the cost approach to value. The appraisers' final opinion of the subject's a fair market value was \$750,000 as of January 1, 2005.

Based on the appraisal evidence, the appellant requested a reduction in the subject's improvement assessment.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$339,701 was disclosed. The subject's final assessment reflects a fair market value of \$943,614, when the Cook County Real Property Assessment Classification Ordinance level of assessments of 36% for Class 5b properties such as the subject is applied. In support, the board of review offered a memorandum suggesting that sales of comparable properties indicates an unadjusted range of from \$47.02 to \$82.05 per square foot of building area and support the current assessment. Cook County Assessor's sales sheets for eight comparables were offered in support. The comparable properties range from 10 to 40 years old; in building size from 13,000 to 16,679 square feet and in land size from 28,959 to 60,400 square feet. These properties were sold from May 2003 to November 2004. The memorandum also suggested the subject sold in November 2005 for a price of \$980,000 or \$65.51 per square foot of building area including land. A copy of a trustee's deed recorded with the Cook County Recorder of Deeds on December 8, 2005 was proffered. In addition, from the Cook County Recorder of Deeds', a website information page was offered indicating \$980,000 as the amount conveyed in the transaction for the Trustees' Deed. Based on the foregoing, the board of review requested confirmation of the subject's assessment.

After reviewing the record and considering the evidence, the Property Tax Appeal Board finds it has jurisdiction over the parties and the subject matter of this appeal. The issue before the Property Tax Appeal Board is the subject's fair market value. Next, when overvaluation is claimed the appellant has the burden of proving the value of the property by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 728 N.E.2d 1256 (2nd Dist. 2000). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. Section 1910.65 *The Official Rules of the Property Tax Appeal*

Board (86 Ill.Adm.Code §1910.65(c)). Having reviewed the record and considered the evidence, the Board concludes that the appellant has satisfied this burden.

The Property Tax Appeal Board finds that the best evidence in the record of the subject's fair market value as of January 1, 2005 is the appraisal report submitted by the appellant. The appellant presented an appraisal utilizing the three classic approaches to value. Each approach to value contained credible data and a concluded estimate of value based on a well reasoned analysis of the data. The appraisers relied most heavily on the sales comparison approach and each sale presented was described with appropriate adjustments made to each property when compared to the subject. Although less weight was accorded to the income approach by the appraisers, each step to estimate a value for the subject was followed carefully. Again, in the cost approach to value, the appraisers followed appropriate methodology even though no emphasis was placed on this approach to value. The Board finds that the appraisers' final conclusion to value to be well reasoned and aligned with the conclusions reached in each approach to value.

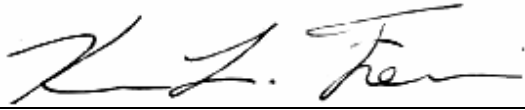
In contrast, the board of review presented only raw sales data without adjustments or analysis of the comparables and their comparability to the subject. The Board finds the board of review's presentation of sales without any meaningful analysis merely anecdotal. The Board accords the board of review's submission of the subject's November 2005 sale diminished weight. The board of review failed to establish that the sale was arm's length in nature. Therefore, the Property Tax Appeal Board places significant weight on the appellant's appraisal and places diminished weight on the board of review's evidence. As a result of this analysis, the Property Tax Appeal Board finds the appellant has adequately demonstrated that the subject is overvalued by a preponderance of the evidence.

Based on the foregoing analysis, the Property Tax Appeal Board finds the subject property had a market value of \$750,000, as of January 1, 2005. Since the fair market value of the subject has been established, the Board finds that the Cook County Real Property Assessment Classification Ordinance level of assessments of 36% for Class 5b properties such as the subject shall apply and a reduction is accordingly warranted.


This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.



Chairman



Member



Member

Member

Member

DISSENTING:

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: February 29, 2008



Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the

subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.